

Service Date: April 14, 1988

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Montana)	UTILITY DIVISION
Public Service Commission's)	
Investigation of Federal Tax)	DOCKET NO. 86.11.62
Reform Act Impacts on Public)	SUB 2
Utility Revenue Requirements)	
<hr/>	ORDER NO. 5276a

FINDINGS OF FACT

1. On November 24, 1986, the Montana Public Service Commission (Commission), initiated this Docket with an Order to Show Cause that existing rates for public utilities remain just and reasonable following the Tax Reform Act of 1986 (TRA). Filings made pursuant to the Order included information found in and reconcilable with the Commission's minimum filing requirements. On June 8, 1987, the Commission issued Order No. 5236c in Docket No. 86.11.62. That Order set forth the Commission's decisions regarding general methodology for the ratemaking impacts to reflect the changes to revenue requirements occasioned by the Tax Reform Act.

2. On June 26, 1987, AT&T filed responses to data requests from the Commission dated June 8, 1987. These data requests asked for quantifications of the general direction on TRA issues set forth in Order 5236c. In response to Data Request No. 7 AT&T states that the portion of its rate case revenue requirement attributable to the TRA impact is a \$219,000 reduction in annual revenues, \$161,000 of this amount is due to the federal income tax rate change to 34%.

3. On the Commission approved a revenue reduction of \$162,000 on an interim basis in this Docket. The difference between this amount and the amount filed in in the TRA data request responses was due to adjustments to make the impacts consistent with the adjusted revenue requirement in Docket No. 86.12.67.

4. Nothing further has come before the Commission in this Docket concerning the effects of the TRA on revenue requirements. Therefore, the Commission finds it appropriate to make the interim revenue reduction final and close this Docket.

7. The Commission took the reduction in this Docket into consideration in setting the rate design in Order No. 5274a in Docket No. 86.12.67. Because there is no further revenue requirement change required in this Order, the Commission finds that no rate changes are needed.

CONCLUSIONS OF LAW

1. AT&T Communications offers regulated telecommunications services in the state of Montana and is a public utility under Section 69-3-101, MCA. The Commission has authority to supervise, regulate and control public utilities. Section 69-3-102, MCA.

2. The Commission may regulate the mode and manner of all investigations and hearings of public utilities. Section 69-3-103, MCA. The Commission may inquire into the management of the business of all public utilities, shall keep itself informed as to the manner and method in which the same is conducted, and shall have the right to obtain from any public utility all necessary information to enable the Commission to perform its duties. Section 69-3-106, MCA.

3. Public utilities are required to render their services at just and reasonable rates. Section 69-3-110, MCA. The Commission has a duty to enforce Montana's public utility laws, and may

institute an investigation of the rates, tolls, charges, rules, practices and services of a public utility. Sections 69-3-110 and 324, MCA.

ORDER

1. AT&T Communications is hereby granted permanent revenue decreases in the amount of \$162,000 annually. DONE IN OPEN SESSION at Helena, Montana this 11th day of April, 1988, by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell
Commission Secretary

(SEAL)